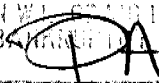


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2006 SEP 11 A 11: 22

September 9, 2006

JOHN W. CRAIG, CLERK  
U.S. BANKRUPTCY COURT  
BY   
DEPUTY CLERK

U.S. Bankruptcy Trustee  
c/o Mr. John W. L. Craig  
Clerk of Court  
Western District of Virginia  
United States Bankruptcy Court  
210 Church Avenue SW, Room 200  
Roanoke, Virginia 24011

RE: In the Matter of the Bankruptcy of Valerie Jill Rhudy Barrett  
Case Number: Unknown

*06-70512*

Dear Sir:

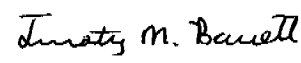
As a result of my continuing divorce litigation, I was made privy to the contents of Ms. Barrett's recent bankruptcy petition. Upon my review of it, I was shocked to discover a disparity between what she claimed she received as gifts from her family and the money her father claimed he gave her as gifts during our hearing in the Circuit Court for Grayson County, Virginia.

While she claimed during that hearing that she received a mere \$100.00 or \$200 a month from her father – she could not make up her mind – he said that the amount was actually between \$1,200.00 and \$1,500.00 per month and that he routinely forgave the amount she owed him as rent in the amount of another \$400.00 per month (*i.e.*, like kind income). In fact, he admitted to giving her over \$2,000.00 in the month preceding the hearing.

I enclose for you relevant portions of the transcript of that hearing so that you can judge for yourself whether Ms. Barrett has perjured herself on her bankruptcy petition, and then in no small way.

Mind you, I am making no accusation myself, but thought it would be wise to provide you with the information so that you can make the decision that best serves Ms. Barrett's creditors and the American people as a whole who count on a system of laws that is premised on the truth always carrying the day.

Sincerely,

  
Timothy M. Barrett

1 Court will sustain the objection.

2 (To Mr. Barrett) Note  
3 your exception for the record.

4 MR. BARRETT: (To The Court)

5 Thank you, Sir.

6 BY MR. BARRETT:

7 Q. Ms. Barrett, how much in -- on average, in  
8 gifts, did you receive from your father in  
9 August -- between August 16th of 2002 and  
10 March 30th of 2005?

11 A. That's just about impossible for me to  
12 calculate. You're talking about a four-year  
13 time frame. Are you talking about just cold  
14 hard cash just a gift, or are you talking  
15 about money he gave me to pay bills, or---

16 Q. Let's start with cash.

17 A. On average from 2002 forward---

18 Q. Just to March 30th of 2005.

19 A. He -- I would say, maybe Two Hundred Dollars  
20 a month, on average, that -- that he gave  
21 me for things -- to take the kids to get a  
22 hamburger and, you know, just stuff like  
23 that -- just money for gasoline and things  
24 like that when you weren't paying child  
25 support. I'd say that's probably on average.

1 Q. All right.

2 A. Especially in the past year, if you average  
3 in -- well, actually this is just 2000 --  
4 until 2005.

5 Q. Ms. Barrett---

6 A. So, up until -- I was thinking this last  
7 year where I received almost nothing. And  
8 so, if you don't factor in this past year,  
9 maybe a hundred dollars a month through  
10 March 30th of 2005.

11 Q. All right. I just want to make sure I  
12 understand. You say your father has not  
13 given you any support since March 30th of  
14 2005?

15 A. No. I'm saying -- if you're going to  
16 average in 2006 --

17 Q. (Interposing) No, Ma'am. My question---

18 A. (Interposing) -- and latter 2005, then the  
19 average is going to go up because this is---

20 Q. (Interposing) He's given -- he's given you  
21 more money between -- after March 30th of  
22 2005?

23 A. Yes, he's had to.

24 Q. All right. So from August of 2002 to March  
25 30th of 2005, he's given you a hundred

1 dollars per month?

2 A. Yes. On average, that's what I'd estimate.

3 Q. All right. How about the payment of your  
4 bills?

5 A. Uhm---

6 Q. And for the record, let me make it clear  
7 I'm asking you average per month between  
8 August 16th of 2002 to March 30th of 2005.

9 A. Okay, money to pay bills. Most of the bills  
10 are still in his name because I live in his  
11 house. And I'm renting his house. So, are  
12 you including for giving rent or just cash  
13 he gave me to pay the phone bill in his name  
14 because I didn't get support?

15 Q. Ms. Barrett, I'm asking you for the amount  
16 of money that he either gave you, or gave  
17 to one of your creditors, to pay your bills?

18 A. But they're his bills.

19 Q. Has he given you no money to pay your bills  
20 at all?

21 A. August of 2002 to March 30th of 2005,  
22 average -- bills? I'd say if you factor in  
23 things like kerosene for the heater and van  
24 repairs, maybe two hundred a month in bills  
25 for those -- for that three-year period.

1 Q. That's average per month?

2 A. Uh-huh (yes).

3 Q. Did he ever make the house payment on your  
4 behalf?

5 A. He makes the -- the house payment and the  
6 farm payment is all one mortgage, and I  
7 rent. So, he always makes the house and  
8 farm payment.

9 Q. Fair enough.

10 A. I'm supposed to pay Four Hundred Dollars'  
11 rent per month, which he forgives every  
12 month that I don't get child support.

13 Q. How many months did he forgive it between  
14 August 16th of---

15 A. (Interposing) Well, he doesn't exactly  
16 forgive it. We keep a running total in  
17 case I ever get the arrears. And then, I'll  
18 pay all the back rent that I owe.

19 Q. So, that's a loan to you?

20 A. I guess you'll -- I would call it a refusal  
21 to throw his grandchildren in the street.  
22 But if you want to call it a loan, I guess  
23 you can.

24 Q. So, you have an expectation that -- or he  
25 has an expectation you are going to pay this

1 back?

2 A. Yes. I have an expectation I will if I ever  
3 get any of the arrears, appeal bonds.

4 Q. And if you don't?

5 A. I have a good father.

6 Q. And he'll forgive you that amount?

7 A. Of course.

8 Q. All right. And how much -- and you said  
9 Four Hundred Dollars per month in rent?

10 A. Yes.

11 Q. Ms. Barrett, are you running a deficit every  
12 month? Are there bills that go unpaid?

13 A. Uhm -- not anymore.

14 Q. Any other cash, or any other payments by  
15 your dad on your behalf?

16 A. Yes.

17 Q. What are they?

18 A. Well, there was -- there was the money for my  
19 bankruptcy, he paid it.

20 Q. How much was that?

21 A. Oh, let's see. It was One Thousand and  
22 Nine Hundred Dollars, I believe is what he  
23 paid for my bankruptcy.

24 Q. When did you file bankruptcy?

25 A. May 25th, 2006.

1 Q. Ms. Barrett, just since The Court has  
2 limited its consideration of this issue from  
3 August 16th of 2002 to March 30th of 2005,  
4 can we just presume that any question I ask  
5 you is to only cover that time frame?

6 A. Okay.

7 Q. Thank you. Has your father given you any  
8 other cash aside from -- cash, made payments  
9 to creditors, forgiven debts, paid anything  
10 to anybody on your behalf during that time  
11 frame?

12 A. Oh, yes. Legal -- legal bills.

13 Q. What has he paid in legal bills?

14 A. Oh, man. I guess he paid -- oh, heaven  
15 knows. I can't even begin to tell you how  
16 much he paid for the divorce. I have no  
17 idea. It was more than Two Thousand  
18 Dollars, I know that.

19 Q. Wasn't it Ten Thousand Dollars that he paid  
20 to Ms. Karnes?

21 A. At least, I'm sure.

22 Q. At least Ten Thousand Dollars.

23 A. I'm sure it was.

24 Q. Was it at least Fifteen Thousand Dollars?

25 A. I don't know. I'm not sure. It was a lot.

1 Q. How about your other creditors?

2 A. Uhm, let me see. I can't remember any other  
3 creditors he paid.

4 Q. Well, you indicated earlier that there were  
5 a lot, Ms. Barrett.

6 A. Well, we were always hoping to get the  
7 appeal bond so that I could pay my creditors  
8 and hoping that child support would start  
9 coming regularly so I could begin putting my  
10 creditors on a payment schedule, so we just  
11 waited.

12 Q. Well, Ms. Barrett, what I'm asking you is,  
13 you went from a lot of creditors to one  
14 creditor. Are you sure you're not missing  
15 any creditors that this Court should be  
16 aware of?

17 A. That my father's paid?

18 Q. Yes, Ma'am.

19 A. I can't think of any that he's paid other  
20 than -- than my divorce attorney.

21 Q. Ms. Barrett, prior to going to Radford  
22 University -- well what job did you have  
23 while at Radford University?

24 A. I told you, graduate teaching fellow and  
25 graduate research assistant.



1 Anything else, folks?

2 MS. CANGIN: (To The Court) Not  
3 from this witness; subject to recall.

4 THE COURT: (To All Parties)

5 Both -- both parties subject to recall.

6 (To The Witness)

7 Ma'am, have a seat, if you will, please?

8 (THE WITNESS WAS DISMISSED.)

9 THE COURT: (To Mr. Barrett)

10 Mr. Barrett, call your next witness, please.

11 MR. BARRETT: (To The Court)

12 Gary Rhudy, please.

13 (WHEREUPON,

14 GARY RHUDY

15 WAS CALLED AS A WITNESS, DULY SWORN, AND

16 TESTIFIED AS FOLLOWS:)

17 DIRECT EXAMINATION BY MR. BARRETT:

18 Q. Mr. Rhudy, at any time after---

19 THE COURT: (To All Parties)

20 Let's get his name for the record, folks,  
21 please.

22 MR. BARRETT: (To The Court) Oh,

23 I'm sorry.

24 BY MR. BARRETT:

25 Q. Mr. Rhudy, would you please state your name

1 for the record?

2 A. Gary Blake Rhudy.

3 Q. What is your address, Sir?

4 A. 8886 Spring Valley Road, Fries, Virginia.

5 Q. What is your relationship to Ms. Barrett?

6 A. She's my daughter.

7 Q. Mr. Rhudy, did you have an opportunity to

8 discuss Ms. Barrett's testimony or your

9 testimony anytime after four o'clock

10 yesterday afternoon?

11 A. We didn't discuss her testimony. I hadn't

12 testimonied [sic] yet.

13 Q. Did you discuss anything pertaining to what

14 you would say during your testimony with Ms.

15 Barrett?

16 A. No, Sir. I've got it written down right

17 here.

18 Q. Did you discuss anything you would say

19 regarding your testimony with Ms. Cangin?

20 A. No, Sir.

21 Q. How did you happen to come up with what you

22 wrote down there, Sir?

23 A. I just wrote down my expenses.

24 Q. Mr. Rhudy, are you in possession of any loan

25 documents or promissory notes that indicate a

1 creditor or debtor relationship between you  
2 and Ms. Barrett?

3 A. No, Sir.

4 Q. Ms. Barrett recently filed bankruptcy; is  
5 that correct?

6 A. Yes.

7 MS. CANGIN: (To The Court)

8 Your Honor, I'm going to object to this on  
9 relevance. We're only talking about the  
10 time period from August 16th, 2002 to March  
11 30th, 2005. Unless she declared bankruptcy  
12 during that time, it's not relevant.

13 MR. BARRETT: (To The Court) My  
14 next question will make it relevant, Your  
15 Honor. I will beg The Court's indulgence  
16 for one question.

17 THE COURT: (To Mr. Barrett)  
18 I'll indulge you for one question.

19 BY MR. BARRETT:

20 Q. Mr. Rhudy, did Ms. Barrett list you as a  
21 creditor in her bankruptcy?

22 A. I don't know. How would I know?

23 Q. Mr. Rhudy, have you assisted your daughter  
24 financially between August 22nd -- excuse me  
25 -- August 16th of 2005 and March 30th of --

1 let me start over. Strike that question.

2 Have you assisted your daughter financially  
3 between August 16th of 2002 and March 30th  
4 of 2005?

5 A. Yes, Sir.

6 Q. Would you describe the nature of your --  
7 well, did you give her money directly? Did  
8 you give her cash directly?

9 A. Yes, Sir.

10 Q. During that time period, how much, on  
11 average, per month would you say that you  
12 gave her?

13 A. Anywhere from Twelve to Fifteen Hundred  
14 Dollars.

15 Q. Did you pay any of her bills?

16 A. Of course.

17 Q. And how much of her bills did you pay?

18 A. I paid all of them that she didn't have the  
19 money to pay.

20 Q. On average, how much of her bills would you  
21 pay?

22 A. I said Twelve to Fifteen Hundred Dollars a  
23 month.

24 Q. I'm sorry, my apology, Sir. That was  
25 inclusive of all the money that you gave her

1 either to her directly, or to her creditors?

2 A. Well, the bills are in my name.

3 Q. I see. For services that she uses; is that  
4 correct?

5 A. The telephone, the TV, the American Electric  
6 Power, Sprint, the insurance.

7 Q. At the house she's staying at?

8 A. Yes, Sir.

9 MR. BARRETT: (To The Court)

10 That's all the questions I have, Your Honor.  
11 Thank you.

12 THE COURT: (To Ms. Cangin)

13 Ms. Cangin, do you have any questions?

14 CROSS EXAMINATION BY MS. CANGIN:

15 Q. Mr. Rhudy, has Ms. Barrett indicated that  
16 she intends to pay you back for any of the  
17 money that you've given her?

18 A. All the money that she gets when she gets  
19 money, she tries to give me what she can of  
20 it.

21 Q. So, she's already paid some of it back?

22 A. Well, she gives me some. But usually by the  
23 end of the month, we have to -- the children  
24 take a lot of money.

25 Q. But she stated that she does intend to pay

1           you back?

2     A.     If she has the money.

3     Q.     And the Three Hundred to Fifteen Hundred  
4           Dollars includes the -- that you said you  
5           pay per month, includes the expenses that  
6           are in your name at the house where she  
7           lives?

8     A.     It doesn't include the rent.

9     Q.     It doesn't include the rent.

10    A.     It does not.

11    Q.     All the utilities?

12    A.     The utilities, the -- the payments that I  
13           make, I wrote down what we paid last month  
14           for her and her children. It was  
15           Twenty-Four Hundred and Twenty-One Dollars  
16           and seventy-nine cents. But that was  
17           including camp, the basketball camp, the  
18           Camp Dickinson, the -- I can't read my own  
19           writing. But it did not cover the rent,  
20           nor taxes on the house, or the insurance.  
21           But they are my grandchildren and my  
22           daughter, so I'll spend whatever.

23    Q.     So, paying for camp for your grandchildren  
24           was a gift to your grandchildren, not to  
25           your daughter; correct?

1 A. Oh, yes. And the basketball camp was -- and  
2 my wife, we have separate accounts, but she  
3 paid for that. And she wrote down what she  
4 paid.

5 Q. And was that for all five children or---

6 A. Just two of them went to basketball camp.

7 Q. Okay. So the Three Hundred to Fifteen  
8 Hundred Dollars also includes gifts---

9 A. From Twelve to Fifteen Hundred Dollars.

10 Q. I'm sorry, Twelve to Fifteen Hundred.

11 A. Right.

12 Q. And that also includes gifts to the children  
13 and not to Ms. Barrett?

14 A. Oh, yes. Their haircuts and that kind of  
15 stuff, I try to take care of all that. And  
16 the band -- the band -- the band, she paid  
17 part of it and I paid part of the --

18 Q. Fees.

19 A. -- no, they went on a trip.

20 Q. Okay.

21 A. What do you call that? Band trip, I'm sorry.

22 Q. That's okay.

23 A. I just couldn't think -- couldn't think.

24 They went to Atlanta and I helped with that.

25 But they're my grandchildren. I do whatever.

1 Q. No further questions.

2 THE COURT: (To Ms. J Barrett)

3 Ms. Barrett, any questions for this  
4 gentleman?

5 MS. J BARRETT: (To The Court) No.

6 THE COURT: (To All Parties)

7 You plan on recalling The Witness, folks?

8 MR. BARRETT: (To The Court) One

9 -- one last question.

10 REDIRECT EXAMINATION BY MR. BARRETT:

11 Q. The Twelve to Fifteen Hundred Dollars per  
12 month, you're saying that does not include  
13 the rent?

14 A. No.

15 Q. And the rent is Four Hundred Dollars a month?

16 A. I just drew a figure out of the air. I  
17 just asked someone what they thought a three  
18 -- a five-bedroom -- a four-bedroom house  
19 with three baths, and what the rent would  
20 be. I don't know. I've never assessed it.

21 Q. Is that -- is that the Four Hundred Dollars  
22 that -- that what you came up with after  
23 discussing the matter with your friends?

24 A. (Interposing) Real estate man.

25 Q. Real estate man. Was that Four Hundred



1 Dollars?

2 A. Yeah.

3 Q. I'm sorry, Sir, yes?

4 A. Yes, Sir.

5 Q. Okay. Thank you. No further questions.

6 EXAMINATION BY THE COURT:

7 Q. Let me get this clear. You think you  
8 probably provide to your daughter around  
9 Twelve Hundred to Fifteen Hundred Dollars --  
10 your daughter and the kids -- per month  
11 either in-kind or cash benefits?

12 A. Yes, sir.

13 Q. And that does not include the rent, the  
14 insurance, or the taxes on the house?

15 A. Yes, Sir. And I didn't write that down. I  
16 should -- maybe I should have, but I didn't.

17 Q. Okay. So I'm clear, that -- that Twelve to  
18 Fifteen Hundred Dollars for your -- for your  
19 daughter and the kids, you give them  
20 in-kind, which would include many things,  
21 plus -- but you didn't add into that figure  
22 the Four Hundred Dollars for the rent, or  
23 the taxes, or the insurance on the house?

24 A. And I maintain the house.

25 Q. Okay.

1 A. And mow the yard and take care of all that.

2 THE COURT: (To Mr. Barrett)

3 Anything else for this gentleman?

4 MR. BARRETT: (To The Court) No,  
5 Sir.

6 MS. CANGIN: (To The Court) No,  
7 Sir.

8 THE COURT: (To All Parties)  
9 Plan on recalling him, folks?

10 MR. BARRETT: (To The Court) No,  
11 Sir.

12 MS. CANGIN: (To The Court) No,  
13 Sir.

14 THE COURT: (To The Witness)  
15 Thank you for being here, Sir. You're free  
16 to go.

17 THE WITNESS: (To The Court)  
18 Thank you, Sir.

19 (THE WITNESS WAS DISMISSED.)

20 THE COURT: (To All Parties)  
21 Just one second, please?

22 MR. BARRETT: (To The Court)  
23 While you're taking that second, may I step  
24 out and see if my next witness is here, Your  
25 Honor?